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11 UNITED STATES BANKRUPTCY COURT  
12 EASTERN DISTRICT OF WASHINGTON  
YAKIMA DIVISION

13 In re:

14 CITY OF CLE ELUM,  
15 Debtor.

Case No. 25-01128-WLH9

Chapter 9

16 ORDER GRANTING DEBTOR'S  
17 COMBINED MOTION TO EXPEDITE  
18 HEARING AND FOR ENTRY OF AN  
19 ORDER (1) AUTHORIZING THE  
DEBTOR TO INCUR A SECURED  
DEBT TO UMPQUA BANK AND  
(2) GRANTING RELATED RELIEF

20  
21 This matter came before the court upon the Motion<sup>1</sup> [Dkt. No. 42] filed by  
22 the Debtor in the captioned case for the entry of an Order authorizing the City to  
23 incur a secured debt to Umpqua Bank and granting related relief, each as set forth  
24 more fully in the Motion. The court, having reviewed the Motion and determined

25  
26 <sup>1</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion.

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1 that the City has established sufficient legal and factual bases for the relief sought in  
2 the Motion, **HEREBY FINDS:**

3 A. Due and sufficient notice of the Motion in accordance with applicable  
4 Bankruptcy Rules and Local Rules was given to parties in interest such that no  
5 further notice is required.

6 B. The City has established cause pursuant to Local Rule 2002-1(c)(2) to  
7 reduce the notice and objection period for the relief sought in the Motion.

8 C. Additional notice requirements beyond those imposed by this Order  
9 would unduly burden the Debtor.

10 D. Approval of the Credit Agreement is in the best interests of the City.

11 E. As of the date hereof, no committee of unsecured creditors has been  
12 appointed.

13 F. The court may enter the relief sought in the Motion without altering,  
14 limiting, or otherwise impairing the City's rights under Section 904 of the  
15 Bankruptcy Code to be free from court-imposed restrictions on the use and  
16 enjoyment of its assets as well as the free exercise of its political authority arising  
17 under applicable Washington law.

18 G. The Bankruptcy Code's cash collateral provisions are inapplicable to  
19 this Chapter 9 debtor.

20 H. The terms and conditions of the Credit Agreement, as approved and  
21 modified by this Order, are (i) fair and reasonable; and (ii) commercially standard in  
22 all material respects.

23 I. The City has exercised its business judgment in seeking approval of the  
24 Credit Agreement.

25 J. The City has not previously sought court approval of the Credit  
26 Agreement or any other post-petition lending.

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1 K. The City's financial affairs would be unduly interrupted if the Motion  
2 were denied or the court were to refuse to adjudicate the Motion on an expedited  
3 basis.

4 L. The City is not obligated to seek credit on an unsecured basis prior to  
5 seeking authorization to enter into the Credit Agreement because a municipal debtor  
6 cannot incur administrative priority debt pursuant to Section 364(b) of the  
7 Bankruptcy Code.

8 **HAVING MADE THE FOREGOING FINDINGS OF FACT, IT IS HEREBY**  
9 **ORDERED:**

10 1. The Motion [Dkt. No. 42] is GRANTED in its entirety.

11 2. All objections to the Motion are overruled on the merits to the extent  
12 that they have not been withdrawn or otherwise resolved.

13 3. To the extent necessary, the Debtor is authorized immediately to  
14 undertake all actions authorized, implicitly contemplated by the Motion, or  
15 otherwise necessary or appropriate to effectuate this Order.

16 4. The Credit Agreement is approved, and the City may execute and  
17 deliver the Credit Agreement to Umpqua.

18 5. Promptly upon (i) the satisfaction of the Credit Agreement's conditions  
19 precedent set forth in the Motion and (ii) the remittance or designation of the  
20 Umpqua Deposit by the City, Umpqua must cause a reasonable number of  
21 commercial cards and commercial accounts to be issued to the City and for the City's  
22 credit limit to be allocated between and among those lines as the City directs;  
23 provided, however, that (a) Umpqua is not obligated to issue an aggregate credit  
24 limit greater than the Umpqua Deposit; (b) Umpqua may not require the City to use  
25 fewer lines and cards than it customarily used prior to the Petition Date; and (c) the  
26 City may from time to time reallocate its credit limits.

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1           6.     The revolving accounts issued to the City pursuant to this Order and the  
2 Credit Agreement shall be secured by a first priority security interest in favor of  
3 Umpqua in the Blocked Account, which shall be automatically perfected without  
4 further filing upon entry of this Order.

5           7.     If the City determines that it needs a higher credit limit than that secured  
6 by the initial Umpqua Deposit, then the City may deposit additional unencumbered  
7 funds into the Blocked Account which, without further order of the court, shall (i) be  
8 collateralized by the Assignment Agreement to the same validity and extent that  
9 Umpqua has perfected its rights in the initial Umpqua Deposit; (ii) be subject to the  
10 terms and conditions of the Credit Agreement in all respects; and (iii) subject to  
11 Umpqua's credit review and approval, increase the City's aggregate credit limit by  
12 the amount so deposited; provided, however, that this Paragraph permits the City to  
13 deposit into the Blocked Account no more than an additional \$100,000.00 and  
14 obligations Umpqua to increase the credit limit under the Credit Agreement to  
15 amount not to exceed \$150,000 in the aggregate.

16           8.     Nothing in this Order waives, alters, or limits the City's rights under  
17 the Bankruptcy Code, including, for the avoidance of doubt, the City's rights under  
18 Section 904 of the Bankruptcy Code to be free from court-imposed restrictions on  
19 the use and enjoyment of its assets as well as the free exercise of its political  
20 authority arising under applicable Washington law.

21           9.     The approval of the Credit Agreement does not prejudice the City's  
22 (i) ability to incur other unsecured debt without court approval; or (ii) right to seek  
23 approval of additional credit agreements pursuant to applicable subsections of  
24 Section 364 of the Bankruptcy Code, provided, however, so long as the Credit  
25 Agreement has not been terminated and any obligations thereunder remain  
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1 outstanding, the City may not seek or obtain a priming lien in the Blocked Account  
2 in favor of any person other than Umpqua.

3 10. Nothing in this Order or the Credit Agreement:

4 a. encumbers any of the City's avoidance actions and powers, whether  
5 arising under applicable provision of Chapter 5 of the Bankruptcy  
6 Code or otherwise;

7 b. permits Umpqua (or, as applicable, its successors, assigns,  
8 designees, affiliates, and agents) to take any act which violates the  
9 automatic stay afforded the City by the commencement of the Case;  
10 or

11 c. entitles Umpqua to, or prejudices Umpqua Bank with respect to,  
12 adequate protection of its interests arising under the Credit  
13 Agreement.

14 11. This is a final order which may be immediately enforced.

15 12. In the event of any inconsistency (i) between the Motion and this Order,  
16 this Order governs, and (ii) between the Credit Agreement and this Order, this Order  
17 governs.

18 13. All time periods set forth in this Order are calculated in accordance with  
19 Bankruptcy Rule 9006.

20 14. This court retains exclusive jurisdiction with respect to all matters  
21 arising from or related to the implementation, interpretation, and enforcement of this  
22 Order.

23 /// END OF ORDER ///

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1 Presented by:

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